

**Internal Revenue Service**

**Department of the Treasury**

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Washington, DC 20224

Person to Contact:

Telephone Number:

(202) 622-7900

Refer Reply To:

CC:ITA:2 – GENIN-130366-02

Date:

June 13, 2002

Dear [REDACTED]

Thank you for your letter of December 28, 2001. You asked whether you could deduct the expenses you incurred in bringing your daughter and her husband and their two children to [REDACTED] for proceedings making these children citizens of the United States. You said they all live in [REDACTED] which is near [REDACTED]

It appears from your letter that the expenses you incurred were purely family expenses, gifts from you to your daughter and her family. That is, they were expenses for a trip from [REDACTED] to the United States for the benefit of the grandchildren. Under section 262(a) of the Internal Revenue Code, no deduction is allowed for personal, living, or family expenses unless otherwise expressly permitted by a specific provision of the Code. You indicated nothing in your letter that would indicate these expenses were for a purpose for which an income tax deduction is permitted.

You also asked whether you could give each of your grandchildren \$10,000 each year without paying gift tax. This was correct in 2001, under section 2503(b)(1), which provides that the first \$10,000 of gifts made to any person by the donor (other than gifts of future interests in property) during the taxable year shall not be included in the total amount of gifts made that year subject to the gift tax. In 2002, the inflation adjustment of section 2503(b)(2) increased the gift exclusion amount to \$11,000, as we announced in section 3.19 of Rev. Proc. 2001-59, 2001-52 I.R.B. 623.

I apologize for this late response, and hope it is helpful. If you have any questions, please call us at the number above.

Sincerely,

Associate Chief Counsel  
(Income Tax & Accounting)

By: \_\_\_\_\_  
Thomas D. Moffitt  
Branch Chief